

Use of Compensation Reserve Funds

**House Select Committee on Education Strategy and Practices
April 13, 2016**

**Jennifer Haygood,
EVP and Chief Financial Officer
North Carolina Community College System**

2015 Appropriations Act

- | | <u>FY 15-16</u> | <u>FY 16-17</u> |
|-------------------------------|-----------------|-----------------|
| • Compensation Reserve | \$10 m | \$20 m |
- Provides funds for salary increases for State-funded local community college employees. Community Colleges are given flexibility in allocating these funds to their State-funded employees.
- **Section 30.5.(b) of S.L. 2015-241**
 - Community college boards of trustees may provide personnel a salary increase pursuant to SBCC policies.
 - Funds may be used for any one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii) recruitment bonuses, (iv) retention increases, (v) any other compensation increase pursuant to policies adopted by the State Board of Community Colleges.”

Allocation of Funds

- Funds were allocated among colleges consistent with regular funding formula.
- Total allocated:

Salaries:	\$8,132,063
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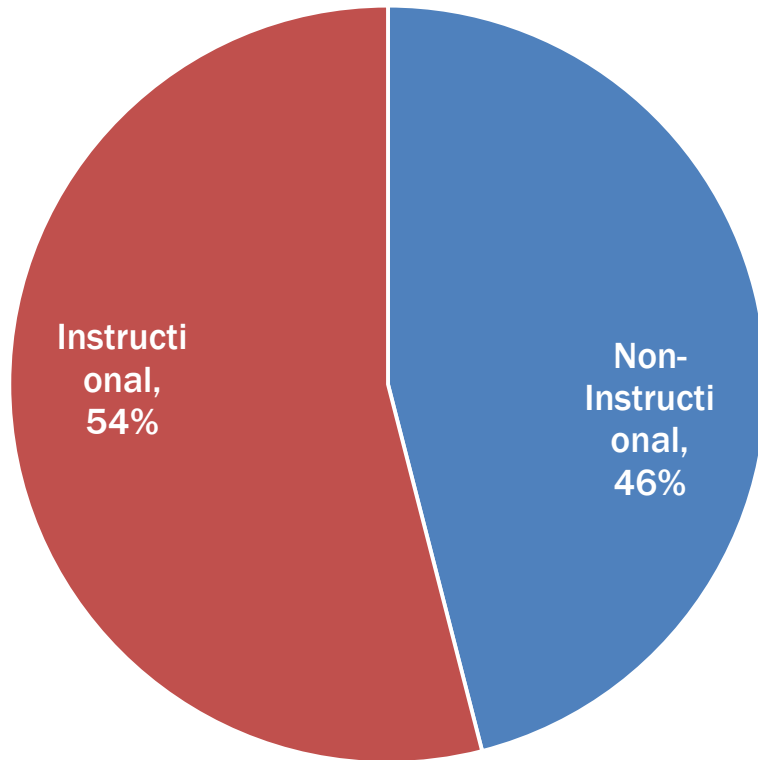
FICA (7.65%):	\$622,102
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<u>Retirement (15.32%):</u>	<u>\$1,245,835</u>
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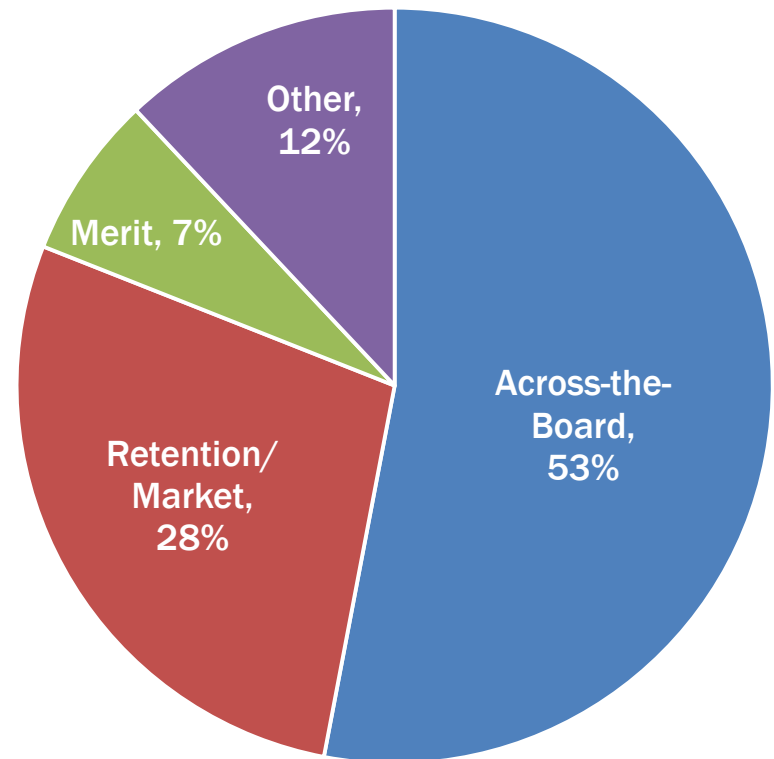
Total:	\$10,00,000
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Use of Compensation Funds

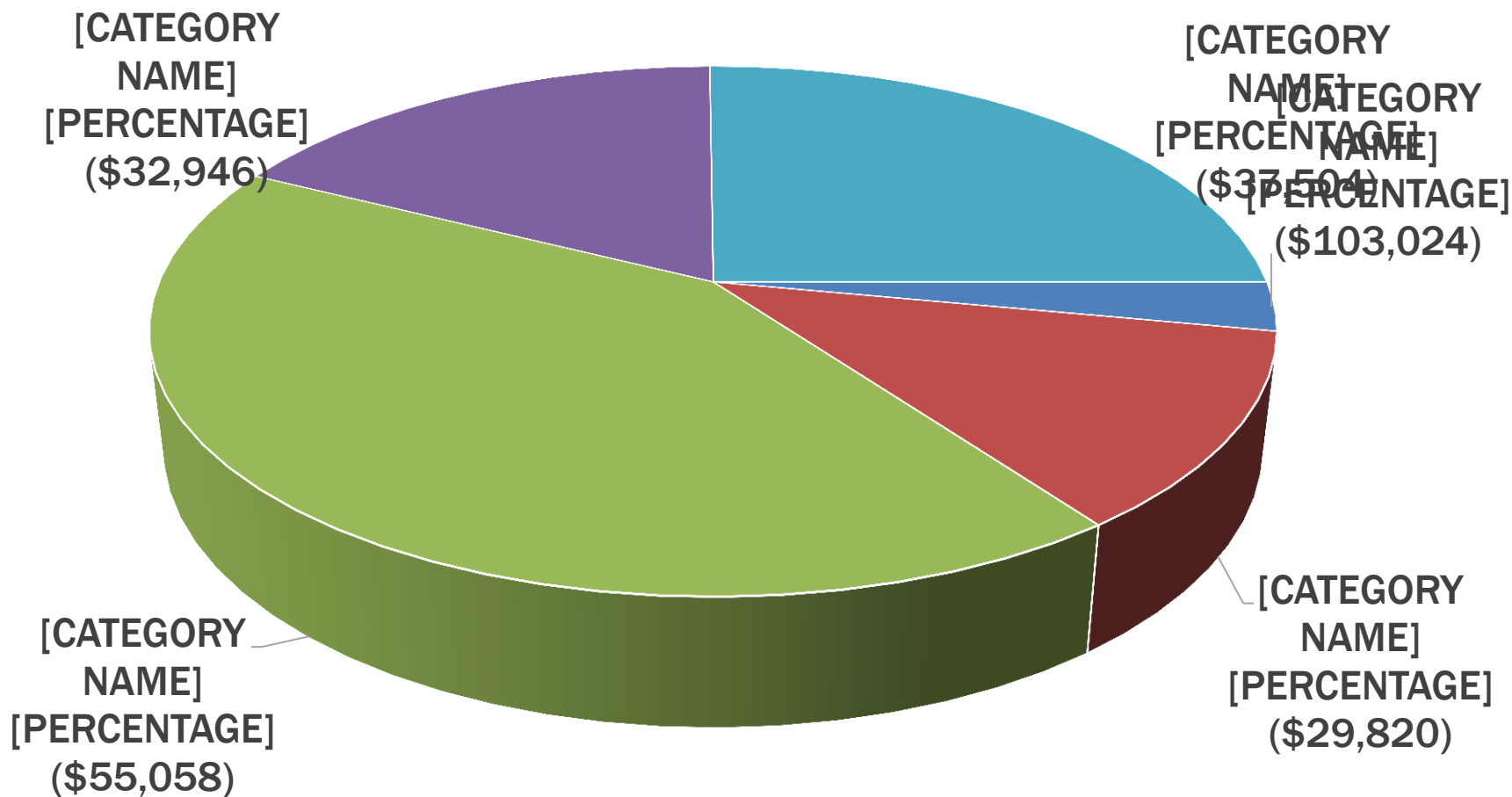
Increases by Employee Type



Increases by Type of Adjustment



Full-Time Non-Instructional Staff



(Average Salaries)

Increases by Type

- 54 colleges used a combination of strategies.

	Across-the-Board	Market/Retention	Merit/Other
# of Colleges	48*	39	44
Amount of Increases	\$5.28 million	\$2.82 million	\$1.89 million

*6 colleges provided across-the-board increases only to instructional personnel.

*38 colleges expended more than 25% of their compensation reserve funds on non-across-the-board increases.

- Multiple colleges used funds to implement salary adjustments recommended by a salary study conducted by an outside firm.

Tiered Funding Model

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Prior to FY 2011-12

- Colleges provide instructional through three instructional areas: curriculum, continuing education, and basic skills.
- Funding for instruction was the same for all courses within an instructional area.

FY 2010-11 Funding per FTE			
	CU	CE	BS
First 500 FTE	\$4,131	\$2,964	\$4,015
Above 500 FTE	\$3,151	\$2,273	

Legislative Actions

- **2011:** Directed allocation of instructional funds on a weighted FTE basis (3 tiers).
- **2012:** Elevated college-level math to Tier 1.
- **2014: “Closing the Skills Gap” Initiative**
 - Established an additional funding tier (Tier 1A) to for courses that train students for immediate employment in priority occupations.
 - Adjusted tier designations for priority workforce continuing education courses.

Identifying Tier 1A Courses

Labor Market Data



Priority Occupations



CIP* Codes (*Classification of Instructional Programs)

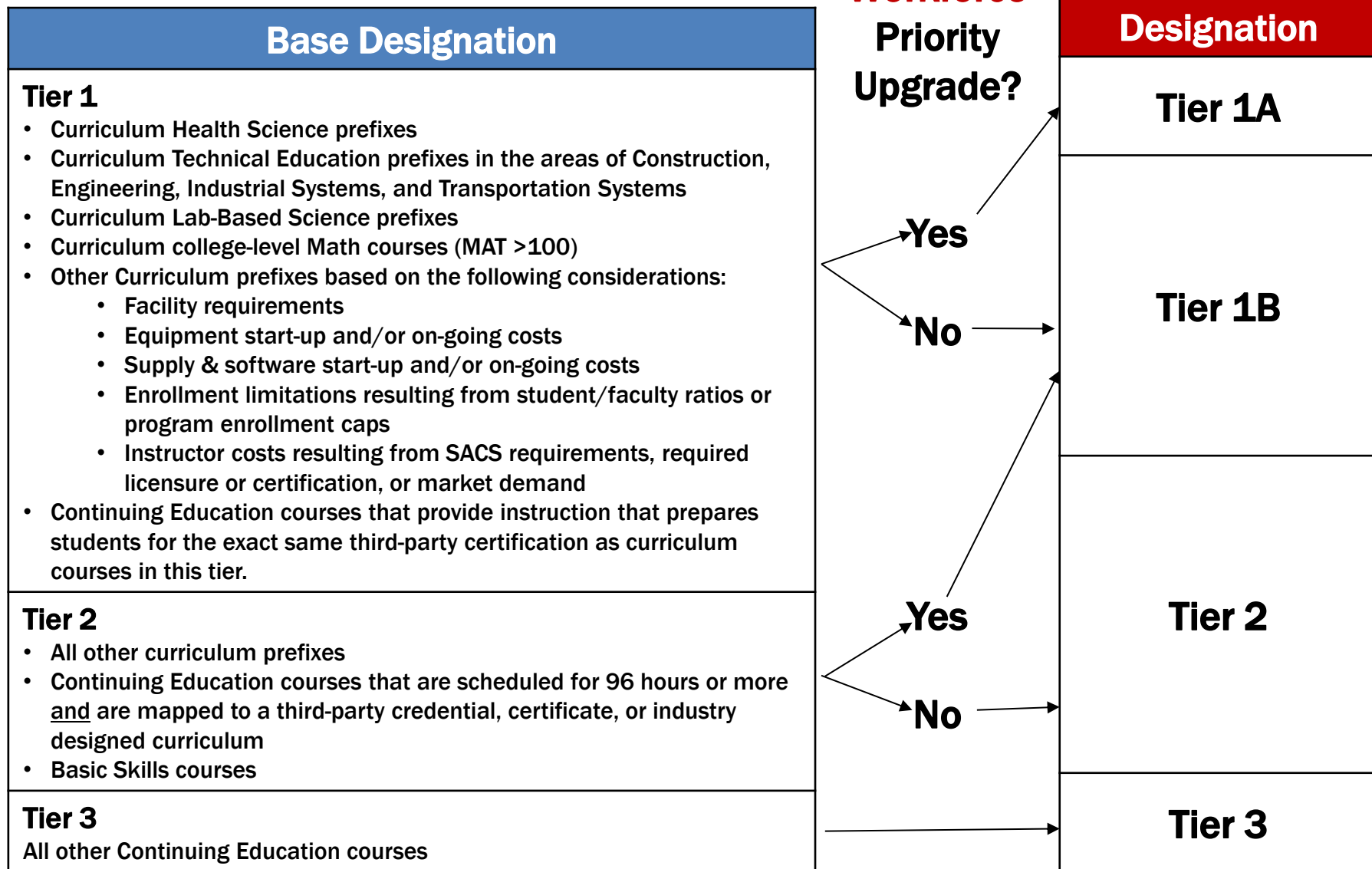


Curriculum Programs



**“Major” CU Course Prefixes
Related Con Ed Courses**

Tier Designation Criteria



Instructional Funding Tier Levels: FY 2015-16

Tier 1A
\$4,204 per FTE

Tier 1A Funding = 30%
higher than Tier 2

Tier 1B
\$3,719 per FTE

Tier 1B Funding = 15%
higher than Tier 2

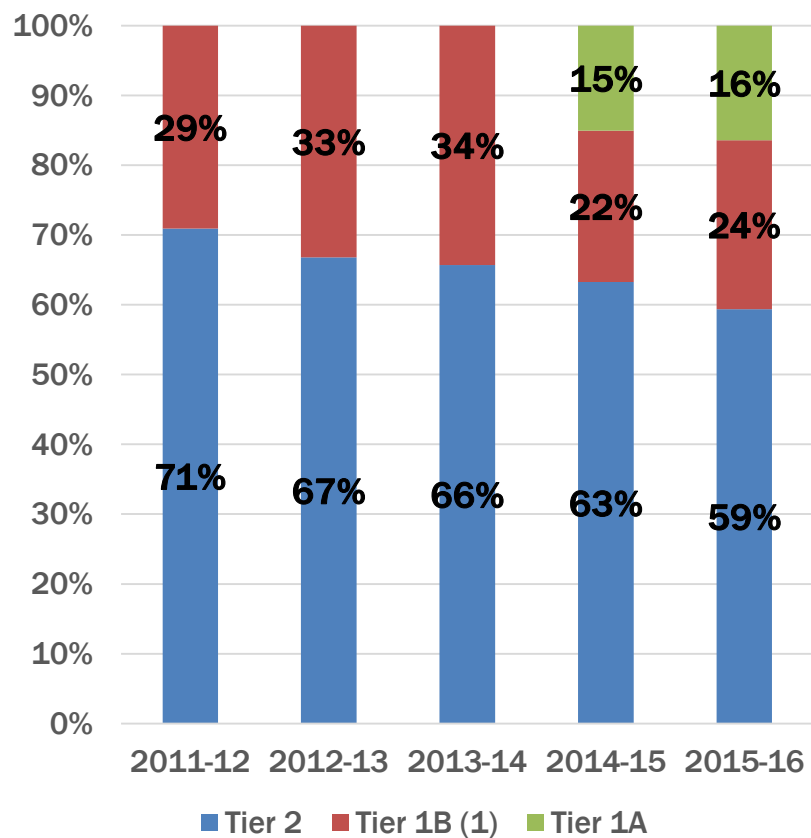
Tier 2
\$3,234 per FTE

Tier 3 Funding =
15% below Tier 2

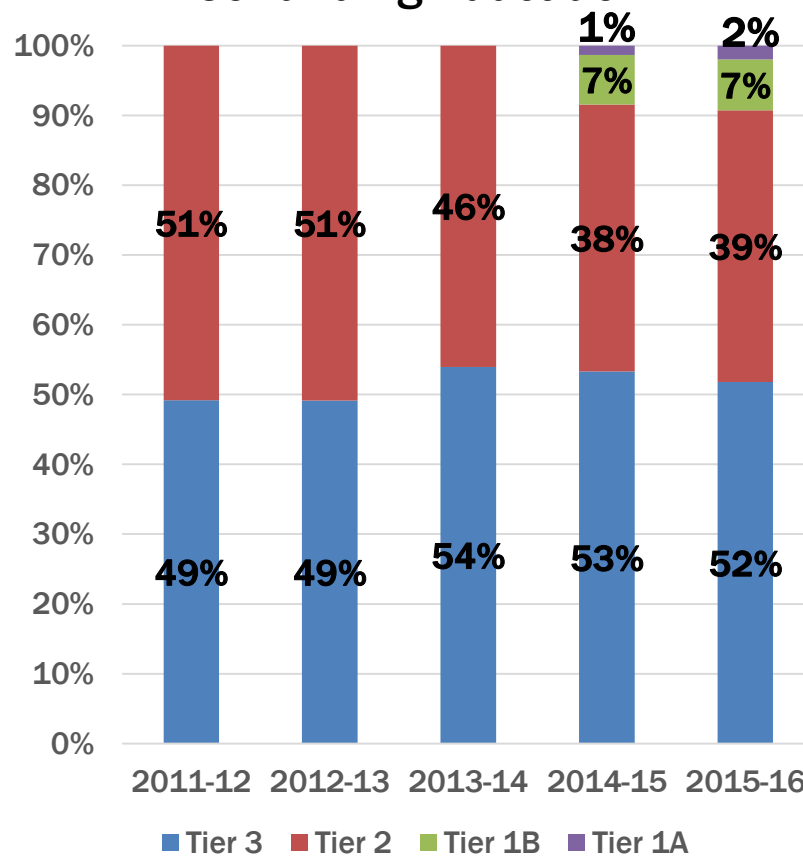
Tier 3
\$2,748 per FTE

FTE by Tier

Curriculum FTE



Continuing Education



Future Tier Reviews

- **Per March 2015 Report to OSBM and FRD**
 - Review tier designation in 2016 and every four years thereafter
 - Step 1: Review base tier designations
 - Step 2: Review workforce priorities and associated tier upgrades
 - Step 3: Calculate estimated fiscal impact
- **Possible Long Session budget request associated with tier designation changes**